Oil prices fall in Asian trade on weaker US consumer demand

NEW DELHI — Oil prices slipped in Asian trading on Monday after a survey on Friday showed weaker US consumer demand and as May crude production rose in China, the world's biggest crude importer.

Global benchmark Brent crude futures for August delivery were down 29 cents or 0.4% at $82.33 per barrel at 0330 GMT. US West Texas Intermediate (WTI) crude futures for July delivery were also down 29 cents at $78.16 a barrel.

The more-active August delivery WTI contract slipped 0.4% as well at $77.76 per barrel.

That followed prices slipping on Friday after a survey showed US consumer sentiment fell to a seven-month low in June, with households worried about their personal finances and inflation.

However, both benchmark contracts still gained nearly 4% last week, the highest weekly rise in percentage terms since April, on signs of stronger fuel demand.

"Last week's robust rally was fuelled by forecasts of strong 2024 demand from OPEC+ (the Organization of the Petroleum Exporting Countries [OPEC] and their allies including Russia) and the International Energy Agency. However, given OPEC's vested interest in crude oil, there is some skepticism around OPEC's forecasts," said Tony Sycamore, a market analyst at IG in Singapore.

"Friday's soft US consumer confidence numbers suggest that the resilience of the American consumer and the US economy will be tested as households run down their savings to combat higher interest rates and cost-of-living pressures," he added.

Meanwhile, China's May domestic crude oil production rose 0.6% on year to 18.15 million tons, according to data released by the National Bureau of Statistics on Monday.

Year-to-date output was 89.1 million tons, up 1.8% from a year earlier. National crude oil throughput fell 1.8% in May over the same year-ago level to 60.52 million tons, with year to date totaling 301.77 million tons, up 0.3% from a year ago.

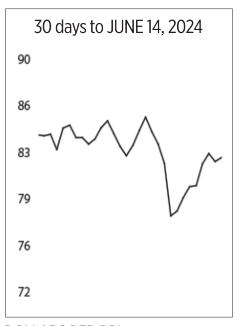
The country's May industrial output lagged expectations and a slowdown in the property sector showed no signs of easing, adding pressure on Beijing to shore up growth. The flurry of data on Monday was largely downbeat, underscoring a bumpy recovery for the world's second-largest economy.

On the geopolitical front, concerns of a wider Middle East war lingered after the Israeli military said on Sunday that intensified cross-border fire from Lebanon's Hezbollah movement into Israel could trigger serious escalation.

After the relatively heavy exchanges over the past week, Sunday saw a marked drop in Hezbollah fire, while the Israeli military said that it had carried out several air strikes against the group in southern Lebanon.

Markets in key oil trading hub Singapore and other countries in the region were closed for a public holiday on Monday. — *Reuters*

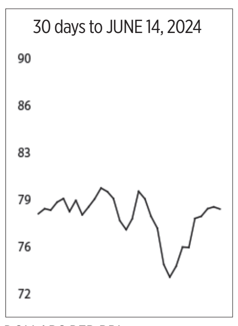
ASIA-DUBAI
(JUNE CONTRACT)



DOLLARS PER BBL

June	10	11	12	13	14
$/bbl	80.19	81.86	82.66	82.05	82.34
Average (June 3-14)					**$80.64**
Average (May 2-31)					**$84.04**

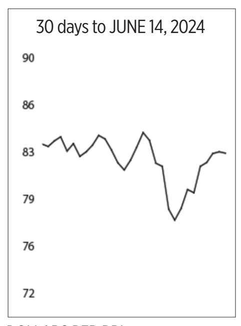
NEW YORK-WTI
(JULY CONTRACT)



DOLLARS PER BBL

June	10	11	12	13	14
$/bbl	77.74	77.90	78.50	78.62	78.45
Average (June 3-14)					**$76.38**
Average (May 1-31)					**$78.62**

LONDON-BRENT
(AUGUST CONTRACT)



DOLLARS PER BBL

June	10	11	12	13	14
$/bbl	81.63	81.92	82.60	82.75	82.62
Average (June 3-14)					**$80.53**
Average (May 1-31)					**$83.00**

Source: REUTERS

Gold subdued as investors await further US data for Fed rate cues

GOLD PRICES eased on Monday as investors await further US economic data, while reports from last week showed that inflation was stabilizing, lifting expectations that the US Federal Reserve will cut interest rates later this year.

Spot gold was down 0.5% at $2,321.11 per ounce, as of 0546 GMT, after rising more than 1% on Friday. US gold futures fell 0.6% to $2,335.30.

"Today's small move is probably just a little bit of an unwind of the move that we saw on Friday," said Kyle Rodda, a financial market analyst at Capital.com, adding that in the long run fundamentals are very constructive for gold, but are data dependent.

US retail sales data is due on Tuesday, weekly jobless claims on Thursday and flash PMIs on Friday. Several Fed officials are also scheduled to speak this week.

"With some signs of weakness emerging in the US economy, which could weaken the US dollar and also increase expectations of rate cuts going forward, gold is in a great position to take advantage," Mr. Rodda added.

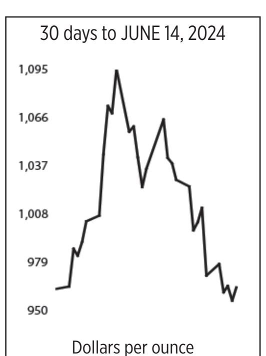
Lower interest rates reduce the opportunity cost of holding non-yielding bullion.

In other metals, spot silver fell 1.4% to $29.13 per ounce; platinum was down 0.5% at $953.30; and palladium lost 0.1% at $889.21. — *Reuters*

Source: REUTERS

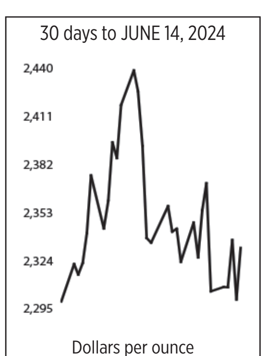
US COMMODITY FUTURES FRIDAY, JUNE 14, 2024

PLATINUM
(JULY CONTRACT)



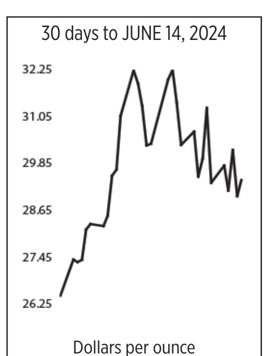
OPEN:	956.80	CLOSE:	963.20
HIGH:	963.50	NET:	8.00
LOW:	947.50	PREV:	955.20

GOLD
(JUNE CONTRACT)



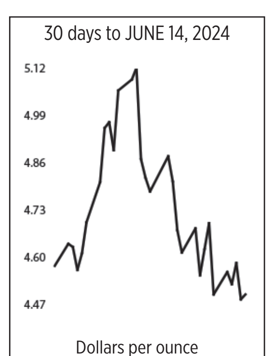
OPEN:	2,307.00	CLOSE:	2,331.40
HIGH:	2,331.10	NET:	31.20
LOW:	2,305.80	PREV:	2,300.20

SILVER
(JUNE CONTRACT)



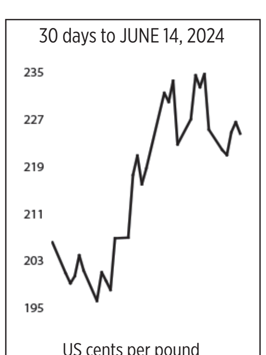
OPEN:	29.385	CLOSE:	29.402
HIGH:	29.540	NET:	0.412
LOW:	29.385	PREV:	28.990

COPPER
(JULY CONTRACT)



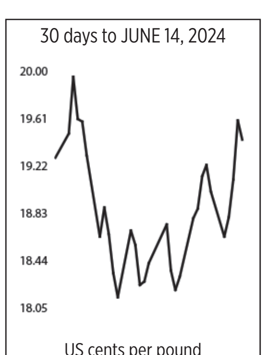
OPEN:	4.487	CLOSE:	4.495
HIGH:	4.510	NET:	0.014
LOW:	4.442	PREV:	4.482

COFFEE
(JULY CONTRACT)



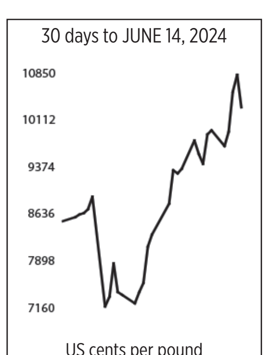
OPEN	225.50	CLOSE:	224.15
HIGH:	227.35	NET:	-1.90
LOW:	222.95	PREV:	226.05

SUGAR
(JULY CONTRACT)



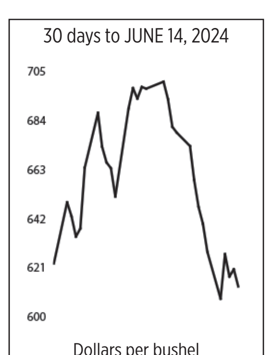
OPEN:	19.49	CLOSE:	19.43
HIGH:	19.60	NET:	-0.16
LOW:	19.27	PREV:	19.59

COCOA
(JULY CONTRACT)



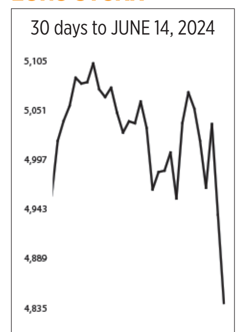
OPEN:	10,784.00	CLOSE:	10,294.00
HIGH:	10,850.00	NET:	-516.00
LOW:	9,567.00	PREV:	10,810.00

WHEAT
(JULY CONTRACT)



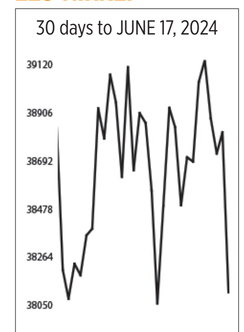
OPEN:	618.25	CLOSE:	612.75
HIGH	622.50	NET:	-7.25
LOW:	611.00	PREV:	620.00

EURO STOXX



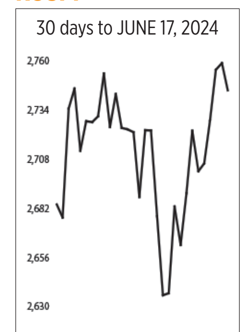
OPEN:	4,942.82	CLOSE:	4,839.14
HIGH:	4,942.82	NET:	-96.36
LOW:	4,819.56	PREV:	4,935.50

225-NIKKEI



OPEN:	38,440.98	CLOSE:	38,102.44
HIGH:	38,442.70	NET:	-712.12
LOW:	37,950.20	PREV:	38,814.56

KOSPI



OPEN:	2,754.83	CLOSE:	2,744.10
HIGH:	2,759.86	NET:	-14.32
LOW:	2,741.03	PREV:	2,758.42

Asia stocks mostly muted after mixed China data

SYDNEY — Asian share markets were in the red on Monday as mixed Chinese economic news underlined the country's bumpy recovery, while political uncertainty in Europe soured risk appetites and kept the euro on the defensive.

Chinese blue chips were off 0.2% after retail sales topped forecasts by rising 3.7% in May, but industrial output and fixed-asset investment both underwhelmed.

Other data showed home prices fell at the fastest pace in a decade in May, highlighting the continued strains in the property sector.

The People's Bank of China kept its one-year rate unchanged, dashing some speculation of a cut following surprisingly soft bank lending data. China's official Financial News on Monday reported there was still room to lower rates, but there were internal and external constraints on policy.

That made for cautious trading, and MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.2%.

Japan's Nikkei slipped 1.9%, with investors now facing a six-week wait to hear details of the Bank of Japan's (BoJ) next tightening steps.

EUROSTOXX 50 futures bounced 0.3% after last week's steep losses, while FTSE futures edged up 0.4%.

S&P 500 futures were steady, while Nasdaq futures added 0.1% following a run of record finishes.

Analysts at Goldman Sachs have raised their year-end target for the S&P 500 to 5,600, from 5,200 and the current 5,431.

"Our 2024 and 2025 earnings estimates remain unchanged but stellar earnings growth by five mega-cap tech stocks have offset the typical pattern of negative revisions to consensus EPS estimates," they wrote in a note.

The main US data of the week will be retail sales for May on Tuesday, where a 0.4% bounce is expected after a 0.3% drop in April, while markets have a holiday on Wednesday.

At least 10 policy makers from the US Federal Reserve are due to speak this week and will no doubt address the market's wagers for two rate cuts this year.

While the Fed itself sounded a hawkish note last week, a trio of soft inflation numbers led futures to price in a 76% chance of a cut as early as September and 50 basis points of easing for the year.

EYES ON SNB

Central banks in Australia, Norway, and the UK are all expected to hold rates steady at meetings this week, though the Swiss National Bank (SNB) might well ease given the recent strength of the Swiss franc.

Markets have boosted the probability of a cut to 75% as political uncertainty in France drove the euro to a four-month trough at 0.9505 francs on Friday.

French markets endured a brutal sell-off last week ahead of a snap election that might give a majority to the far right, with risks to the country's fiscal position and the stability of the euro zone.

European Central Bank policy makers told Reuters they had no plans to launch emergency purchases of French bonds to stabilize the market after yield spreads over German bunds widened dramatically amid a flight to safety.

"A French challenge to the region's fiscal arrangements would be problematic and have far-reaching implications," warned analysts at JPMorgan. "At this stage, the situation in the run-up to the first round of voting is still very fluid."

That left the euro pinned at $1.0703, after shedding 0.9% last week to touch a six-week low of $1.06678.

The dollar was stable on the yen at 157.45, after briefly spiking above 158 on Friday when the BoJ said it would start tapering bond buying a little later than many had wagered on.

In commodity markets, gold dipped 0.5% to $2,321 an ounce, unwinding some of last week's 1.7% bounce.

Oil prices eased a touch after rallying 4% last week amid hopes for stronger demand from the US driving season.

Brent dipped 27 cents to $82.35 a barrel, while US crude fell 28 cents to $78.17 per barrel. — *Reuters*

IPOs,
from S1/1

"Stocks are flat year to date and investor sentiment is weak as evidenced by lackluster volumes," she said in a Viber message.

Investors are concerned that high inflation and elevated interest rates, as well as peso depreciation, will affect economic growth, she said.

Headline inflation quickened for the fourth straight month in May to 3.9% amid rising utility and transport costs alongside increasing food prices. This brought the five-month average inflation to 3.5%, within the BSP's 2-4% full-year forecast.

In mid-May, the peso sank to the P58-per-dollar level for the first time since November 2022.

The peso closed at P58.65 a dollar on Friday, weakening by seven centavos from its P58.58 finish on Thursday.

"There are still a lot of economic uncertainties and market dynamics [that] could affect investor sentiment and pricing strategies. That's why companies planning to go public need to navigate these complexities carefully," Regina Capital Development Corp. Head of Sales Luis A. Limlingan said in a Viber message.

TWO MORE?

Meanwhile, China Bank Capital's Mr. Colet said the local bourse might see "at most" two companies conducting their IPOs in the second half.

"Some potential issuers that were initially looking to list this year have opted to wait for better market conditions. For example, prospective REIT (real estate investment trust) candidates are holding off their IPO plans while interest rates remain elevated," he added.

The local bourse could have its third public listing this year with the planned P580-million IPO of NexGen Energy Corp., which was recently approved by the Securities and Exchange Commission.

NexGen Energy is expected to list its shares on the PSE by July 16, based on the company's preliminary prospectus dated May 31.

AP Securities, Inc. Research Head Alfred Benjamin R. Garcia said it is unlikely for the PSE to reach its IPO target this year.

"There's simply not enough liquidity in the market to absorb an IPO of significant size at this time. It is possible if it is all small or if it is high-yielding preferred issues," he said in a Viber message.

BW FILE PHOTO

Sy-led SM Prime Holdings, Inc. has deferred its planned real estate investment trust (REIT) IPO, while Razon-led Prime Infrastructure Capital, Inc. postponed its first share sale as they wait for better market conditions.

"Recall that CREC had to reduce its offer to get the listing to push through, and SM's REIT and Razon's Prime Infra have definitively pushed back their IPOs to next year. The reality is, unless we can trade at least P7 billion per day, our market is too dry for an IPO," Mr. Garcia said.

On the other hand, Mark V. Santarina, a trader at Globalinks Securities and Stocks, Inc., said that there is cautious optimism, especially for companies in sectors that are attracting investor interest, such as renewable energy.

"Despite the overall low trading volumes, the successful IPOs earlier in the year suggest that with the right market timing and sector focus, additional IPOs could be well-received," he said in a Viber message.

He added that broader economic conditions and investor sentiment are crucial to the success of IPOs in the second half.

"The challenges for IPOs in the second half of 2024 include maintaining positive investor sentiment in a market with low trading volumes and potential volatility. Companies must demonstrate strong financial health and growth potential to attract investors," Mr. Santarina said.

Rizal Commercial Banking Corp. Chief Economist Michael L. Ricafort said he is "cautiously optimistic" that the PSE could hit its target of six IPOs this year.

"If market conditions improve, triggered by Fed and local rate cuts later this year and in 2025, there could be more IPOs and other share sales since sellers of shares would like to sell at the highest price possible. That can only happen if market conditions improve further," he said in a Viber message.

"At the very least, local stock markets could be partly supported by new record highs in most US stock markets recently," he added.

On Friday, the benchmark PSE index dropped by 0.11% or 7.13 points to close at 6,383.70, while the broader all-share index gained 0.13% or 4.75 points to 3,447.75.

Remittances,
from S1/1

"As OFW remittances have more peso equivalent for every US dollar sent, (this is) a source of consolation for OFWs and their families and dependents, especially in coping with higher prices and interest rate payments since 2022 for any amortization or form of debt payment," Mr. Ricafort said.

Meanwhile, BSP data showed that personal remittances from OFWs also went up by 3.1% to $2.859 billion in April from $2.773 billion a year ago.

Remittances from workers with more than one-year contracts rose by 3% to $2.16 billion year on year, while money sent by OFWs with shorter than one-year contracts increased by 3.6% to $620 million.

In January-April, personal remittances rose by 2.8% to $12.01 billion.

"For the coming months, single-digit or modest growth in OFW remittances would continue as OFW families still need to cope with relatively higher prices locally that would require the sending of more remittances," Mr. Ricafort added.

The BSP expects cash remittances to grow by 3% this year.